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THE F.S.A. TENURE PROGRAM

FOR TENANTS

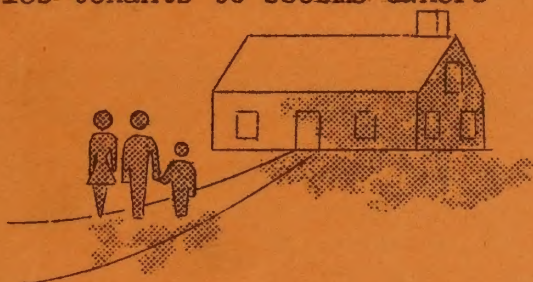
RENTAL TENURE IMPROVEMENT PROGRAM

Better rental agreements for tenants



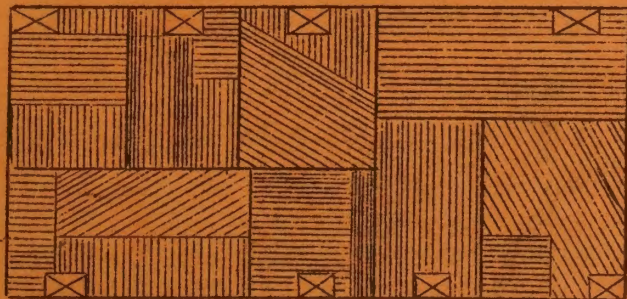
TENANT PURCHASE PROGRAM

Enables tenants to become owners



LAND LEASING ASSOCIATIONS

Enable tenants to pool their efforts
in renting farms



FOR OWNERS

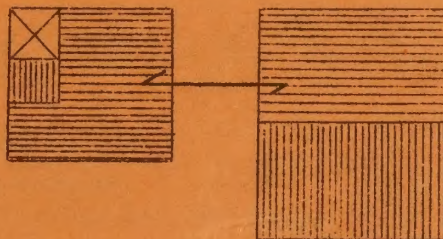
REVIEW MORTGAGES AND PURCHASE CONTRACTS

For assistance to owner-operators



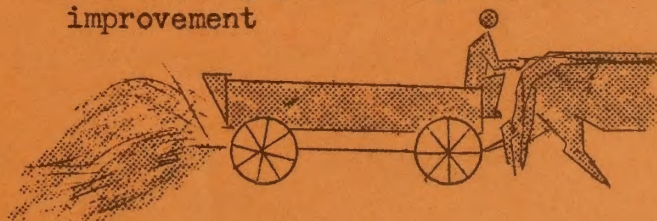
FARM ENLARGEMENT PROGRAM

For enlargement of inadequate units



FARM DEVELOPMENT PROGRAM

For soil improvement, land clearing
and drainage, building and fence
improvement



THE FSA TENURE PROGRAM

A Brief Analysis of Progress Made

The "shaky hold" to the land has long been recognized as one of the obstacles to the rehabilitation of low-income farmers.

Right now it is a most serious obstacle to full production of the vitally needed war foods. Both a cause and an effect of poverty and unproductiveness, this instability of tenure manifests itself in frequent moves from farm to farm, in lack of definite farming agreements between landlord and tenant, in short term leases and improper lease provisions, and in vicious purchase contracts or top-heavy mortgages. One of the important causes of this instability of tenure is the inadequate or "too-small" farm unit which prevents the owner-operator or tenant from utilizing his labor effectively and causes a perennial urge to rent another farm or a constant fear of losing the farm through foreclosure.

It is not necessary here to enlarge on instability of tenure as a "fifth column" to full agriculture production.* A farmer just doesn't plan and carry out a proper cropping or livestock program, or make necessary improvements in soil, buildings, and fences, or adopt the improved farm practices which require several years for realization of benefits if he is uncertain about being on the same farm the next year, or isn't certain of receiving compensation for any improvements which he may make.

That is why the Farm Security Administration has given increasing attention to developing techniques for removing the tenure instability obstacle to full production and rehabilitation.

A brief analysis of the FSA's experience with its tenure improvement program is presented under the following heads:

1. Tenure status of FSA families
2. Efforts to help the owner-operator
 - a. Reviewing purchase contracts and mortgages
 - b. The SRE (special real estate) program
 - c. The FHI (farm and home improvement) program
 - d. The new FO (farm ownership) program
3. Efforts to aid the tenant
 - a. Tenure improvement through ownership (TP)
 - b. Land leasing associations
 - c. Rental tenure improvement
 - (1) Use of written leases
 - (2) Longer leases
 - (3) Length of time in program related to length of lease
 - (4) Better lease provisions
 - (5) Length of lease related to lease provisions
 - (6) Ten model leases per county

* A thorough analysis is made of the tenure problem by Ranier Schickele in an article, "Obstacles to Agricultural Production Expansion", in the Journal of Farm Economics for May, 1942.

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The sources of data include:

1. The 1941 Annual Family Progress Report of one in seven active standard RR borrowers.
2. The periodic FSA Activity Reports:

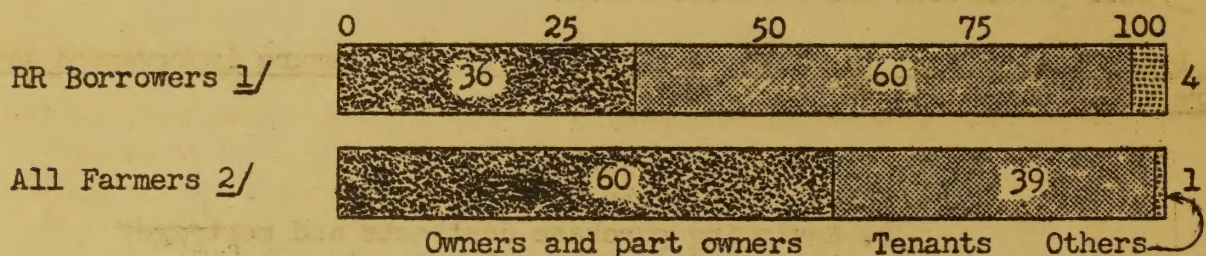
Most of the tables referred to in the narrative present figures by states and FSA regions. Because of their bulk, these tables are grouped together at the end of the report.

TENURE STATUS OF FSA FAMILIES

The FSA Program has reached far more tenants than owners.

The 1940 Census of Agriculture reported two tenants in every five farmers among the 6,097,000 farmers of the Nation. But three in every five of the 452,000 active standard RR families are tenants. Moreover, all of the 29,000 families reached by the TP Program were tenants, share-croppers, or farm laborers. These comparisons are shown in Figure 1 below.

Figure 1. Tenure Status in 1940
Of Active Standard RR Borrowers Compared with All Farmers in the Nation



Very few purchase contract holders were reported among standard RR borrowers except in the western states. It is believed, however, that RR supervisors may have reported some of the purchase contract holders as owners. The proportion of tenants among standard RR borrowers ranges from a low of 23 percent in Arizona, California, Nevada, and Utah to a high of 85 percent in Kansas, Nebraska, North Dakota, and South Dakota. The proportions of tenancy and ownership for RR borrowers in 1941 were practically the same as in 1940.

Details of the tenure status of active standard RR borrowers in 1941 and the percent of tenants reported in the 1940 Census are shown by states and regions in Table 1 at the back of this report.

1/ Source: Family Progress Report of active standard RR borrowers

2/ Source: 1940 U. S. Census of Agriculture

EFFORTS TO HELP THE OWNER-OPERATOR

In recent years it has become increasingly recognized that the tenure status of thousands of owners is scarcely less precarious than that of the general run of tenants.

Though the mortgage or purchase contract tie to a piece of land may seem to give stable tenure, the owner-operator of a small, under-developed and inadequate farm unit may be in a much worse plight than his tenant neighbor. His meager savings may be sunk in a farm unit too small to furnish full employment for himself and his family; the interest and principal payments may sap every excess dollar preventing any accumulation of working capital. He finds the AAA designed to help farmers with greater resources and the FSA, until recently, designed largely for the tenant and the owner who already have adequate farm units. Moreover, the specific provisions of his mortgage or purchase contract may cause him to be paying an excessive amount for the use of the land.

Reviewing Purchase Contracts and Mortgages

FSA supervisors assist borrowers in analyzing purchase contracts and mortgages.

Both the legal and economic aspects of purchase contracts and mortgages are analyzed to determine if they are equitable and if the interests of the borrower are properly protected. Particular attention is given to the following points:

1. Is the price of the farm in line with earning capacity value?
2. Is the payment period of sufficient length so that the annual installments are in line with ability to pay?
3. Does the total cost for the use of the land enable the family to produce a maximum of food and fiber and at the same time maintain the farm and the family?
4. Is the equity of the family adequately protected?

When a contract or mortgage is discovered to be inequitable, FSA personnel assist in securing an adjustment. Many adjustments have been obtained with individual and corporation land holders. The immediate pressure of war food production has made it difficult to carry through on this program. Moreover, the tremendous increase in farm prices since 1941 has decreased the need for adjustments in purchase contracts and mortgages.

But this problem of inequitable farm sale conditions is deep-seated and may be expected to rise up again and again to plague the American farmer. The problem is partly a by-product of land being bought and sold as a commodity. This "marketable" feature of land enables individuals and corporations to establish a claim to farms, not for the purpose of producing food for the Nation, but simply as an opportunity to invest savings. The repayment of the principal, plus interest (by the farmer who buys the land), becomes one of the first claims against the land - a claim not always consistent with

the social function of farms -----

"to produce food and fiber for the Nation and at the same time sustain the family cultivating the land at a minimum adequate level of living and maintain intact the farm plant."

The fact that land is a marketable commodity means that every farm is bought and sold once or oftener in a lifetime. Thus, in addition to maintaining the farm and the family, the land is burdened with paying for itself once in every generation. The fact that many bid on the land besides those who actually plan to farm it further complicates the problem.

Great progress is being made in land appraisal methods, especially through FSA programs. But little has been done to stabilize the price expectations upon which land "buying" and "selling" values are established. A farm plant can be completely disorganized if the owner-operator finds, five years after he bought his farm, that prices of farm products have dropped 50 percent while his principal and interest payments carry on as originally contracted.

Let us turn now to a brief review of the first "loan" program developed by FSA for the small owner.

The SRE (Special Real Estate) Program

This program was launched in 1939 as the first attempt to help small owner-operators.

Like most new "action programs" it was important, not because it solved the problem, but because it was the beginning of a "trial and error" attack.

It is natural that the new program gave greatest emphasis to the most dramatic phases of the problem -- the refinancing of small owners who had lost or were losing their farms through foreclosure. Even in the beginning, however, it was possible to use part of the SRE loan for land improvements such as fencing, terracing, drainage, woodlot, orchard, or permanent pasture development, and the application of lime or phosphate.

Only a limited amount of funds was available for these loans.

At the end of the 1940 fiscal year, 615 loans had been made, practically all in Regions III and VIII. During the 1941 fiscal year, SRE loans were made to 863 small owners. Region II, having made no SRE loans in 1939, made 623 or three-fourths of all those made in the Nation in 1940. Regions III and VIII, making most of the SRE loans in 1939, encountered considerable difficulty with the loans being over-used for refinancing; therefore, these two regions made relatively few SRE loans during 1940 while readjustments were being made in lending policy and personnel training.

Gradually the emphasis was shifted from "refinancing" to "farm improvement."

One of the serious problems was the excessive use of SRE loans for refinancing the small owner on an uneconomic unit -- simply bailing out a bank or an individual holding the mortgage. It was soon recognized that

this practice was not getting at the root of the trouble. Many of these small owners were distressed because their units were too small; and hence refinancing the mortgage, even when accompanied by debt adjustment, didn't change their basic difficulty. In fact, the up-shot was to freeze the family to an uneconomic unit on which it had already failed. Therefore, the program gradually shifted more emphasis to the development of both land and improvements, refinancing becoming only an incidental part of the program.

Real farm development required larger loans, and early in 1941 the upper limit of \$1,000 on SRE loans was removed. The average size of loan made during the 1941 calendar year was \$750 as compared with an average of only \$615 during 1939.

There developed a considerable demand for wider use of the SRE type of loan.

Originally the SRE program was confined to special areas; FSA field workers requested that it be made available in more areas. By 1941, many of the "bugs" has been taken out of this new program and many in and outside of FSA recognized it as an important technique for aiding farm families in developing family-type farms. In January 1942, a broader farm development and enlargement program was outlined, and authorities and procedures were made available to the field.

The FHI (Farm and Home Improvement) Program

The FHI Program was an outgrowth of the old SRE program.

More widely available than the SRE, the new FHI program was still limited to areas where rural poverty was chronic and directly related to the problem of underdeveloped or inadequate farms.

Loans could be made to purchase additional land to round out economic units, to provide housing and needed farm improvements, and to purchase materials for soil improvement, drainage, or clearing.

Recognition was given to the problem of the tenant whose rehabilitation and production were hindered by the landlord's effort to collect rent on an inadequate farm unit. For, within certain limitations, FHI loans could be made to landlords for farm enlargement and development. Usually a long term lease for the tenant was part of the bargain.

FHI loans were supplemented by other FSA techniques such as operating loans, farm and home management guidance, debt adjustment, cooperatives, and health associations, and even grants in some cases.

Only limited funds were available for FHI loans and the program barely got started before the end of the 1942 fiscal year.

During the 1942 fiscal year, 2062 SRE and FHI loans were made, totaling \$1,659,830. Most of these were made during the last six months of the year. Even though the procedure on the new FHI program had been in the field only a few months, there was a widespread demand for its immediate use.

The total SRE and FHI loans made from 1939 through June 30, 1942 are shown by FSA regions in Table 2.

Table 2. Number and Amount of SRE and FHI Loans
Made from July 1, 1939 Through June 30, 1942

Loans by fiscal year				Total loans for period 7-1-39 through 6-30-42		
Region	1940	1941	1942	Number	Total amount	Average amount
	No.	No.	No.		\$	\$
U. S.	615	863	2,117	3,595	3,455,734	961
I	5	11	81	97	15,968	165
II	0	623	936	1,559	2,238,161	1,436
III	203	29	225	457	365,099	799
IV	0	0	260	260	87,579	337
V	0	2	6	8	10,610	1,326
VI	0	6	204	210	59,337	283
VII	0	0	50	50	*	
VIII	381	79	101	561	394,008	702
IX	14	20	34	68	26,631	392
X	2	4	111	117	35,112	300
XI	9	88	76	173	208,809	1,207
XII	1	1	33	35	14,420	412

Source: FSA Finance Report No. 13

* These 50 loan agreements were made during June 1942. The amount of vouchers was not available.

Field personnel regarded the FHI type loan as a vital addition to the techniques for rehabilitation.

The following remarks, by a county supervisor in a special area, made in his annual report, are an example of field reaction to the new FHI loan.

"The FHI program particularly fits the non-commercial area since the farms occupied by the non-commercial borrowers had, in every instance, insufficient cleared acreage, and, in many instances, inadequate buildings. There were 12 FHI loans made to non-commercial borrowers this fiscal year, and there will probably be more made in another year. Our only regret is that we did not have a program such as this several years ago when it could have been made better use of. At the present time, there is so much outside employment, building costs are too high, building materials somewhat unavailable, and all time needs to be spent on increasing production rather than improving buildings. We hope that this program can be continued. It will certainly be a great benefit, particularly after the war effort is completed."

Though FSA has scarcely scratched the surface, the SRE and FHI programs have provided "tooling-up" experience. What is needed now is the "go-ahead" signal backed up with adequate funds.

The New Farm Ownership Program

The Farm Ownership Program was launched at the beginning of the 1942-43 fiscal year.

The FSA gave a permanent place to this new tenure improvement program for small owners by making it a vital part of an enlarged farm ownership program. This program includes three types of loans:

1. A new FE(farm enlargement) loan - to enable owners of small, inadequate units to buy additional land in order to round out a family-type farm.
2. A new FD(farm development) loan - to enable small owners to improve the soil, clear or drain land, or construct or repair farm improvements in order to create family-type farms.
3. The regular TP (tenant purchase) loan - to enable tenants, sharecroppers, and farm laborers to become owner-operators of family-type farms.

In brief summary, the story on aids to small owners is about this:

After overlooking the problem for several years, FSA has, through experimental programs (SRE and FHI), developed techniques to aid the hundreds of thousands of small farmers develop adequate family-type farms. It is now organized for a "full dress" action program with the new farm enlargement, and farm development programs, when adequate funds become available.

EFFORTS TO AID THE TENANT

It can well be said that the major efforts of the FSA program are directed toward helping tenants, since three in every five of the standard RR borrowers are tenants and all the TP borrowers were tenants.

These efforts to aid renters may be listed under three heads:

1. Tenant purchase loans
2. Land leasing associations
3. Rental tenure improvement

FSA is thus attacking the tenure instability obstacle to full production on two fronts (1) by aiding tenants to become owner-operators of adequate units and (2) by aiding tenants and landlords to develop better rental arrangements.

The TP program, enabling tenants to become owner-operators, is probably the most widely known of the National action programs to aid tenants. Less generally recognized, but vitally important, is the tenure improvement program among approximately 273,000 tenants of the Nation who have received individual RR loans and the 1,900 families aided in the land-leasing associations.

Tenure Improvement Through Ownership (Tenant Purchase)

The main objective of the tenant purchase program is to enable farm tenants, laborers, or sharecroppers to become owner-operators.

This objective rests on several basic approaches.

1. An adequate farm unit to furnish full employment and a minimum adequate living to the family.
2. Adequate buildings and improvements right in the beginning so that the family can start off with a maximum production and apply a larger amount of savings on the loan repayment. (This is modified by war restrictions on building materials!)
3. A 100 percent loan - covering not only the purchase price of the land, but also allowing for necessary improvements.
4. Farms purchased at their "earning capacity" value.
5. Farm operations in accordance with good farm and home planning and management.
6. A variable repayment policy, by which annual repayments may go up or down in accordance with annual net cash earnings.

Since the beginning of the program, TP loans totaling \$163,188,000 have been made to 28,945 borrowers in 48 different states. These loans have averaged \$5,638*.

The South includes 74 percent and the Midwest 14 percent of the tenants reached in the TP program. (See the table below.)

AREA.	: Proportion of : TP borrowers : 6-30-42
	: <u>Percent</u>
South (Regions IV, V, VI, VIII)	: 74
Midwest (Regions II, III)	: 14
Northeast (Region I)	: 3
Great Plains (Regions VII, X)	: 6
West (Regions IX, XI, XII)	: <u>3</u>
U. S.	: 100

The number of TP borrowers increased from 1,826 in the 1937-38 fiscal year to 8,617 this past fiscal year, 1941-42.

The trend by years in number of borrowers and amount of loan funds obligated is shown for the Nation in the table below.**

<u>Fiscal year</u>	<u>Number of TP borrowers</u>	<u>Total amount of TP*** loan funds obligated</u>
1937-38	1,826	\$ 8,992,659
1938-39	4,183	23,585,604
1939-40	5,971	36,125,744
1940-41	8,348	46,505,477
1941-42	<u>8,617</u>	<u>47,978,274</u>
All years	28,945	\$163,187,758

*This information by regions and states is shown in Table 2-C of the Monthly Progress Report No. 154 for July 1942.

**Source: Monthly Progress Report No. 154, July 1942, Statistics Section, Program and Reports Division, Cincinnati.

***Based on funds obligated for each year's borrowers.

For a more complete analysis of the progress of the TP program, the reader is referred to the following materials:

1. The "Farm Tenant" section of the National Monthly FSA Progress Report No. 154 for the Month of June 1942, prepared by the Program and Reports Division in Cincinnati.
2. The mimeograph summary "Some Facts on the TP Program for 1941," prepared by the Program and Reports Division in Cincinnati for the use in the September 1942 regional conferences on the Farm Ownership Program.
3. The TP Divisional Letter No. 19 transmitting Reports No. 2 and No. 3 from the 1940 TP Family Progress Report.

Land Leasing Associations

This program was designed to aid tenants in those areas where individual leasing arrangements are inadequate.*

The specific aids which may be used are:

1. The leasing of one or more tracts of land to be divided among a small group of tenants or owner-operators whose present units do not afford an adequate base for sound operation.
2. Providing bargaining power for the leasing of family-size units.
3. The leasing of tracts of land for subdivision or assembly into family-size units.
4. The leasing of land for grazing or other group use.

By 1942, there were 39 land leasing associations operating in 6 states.**

These associations vary considerably in size and in mode of operations, but are generally of two types: (1) those where a large tract of land is leased from the landlord by the association, then the individual family units subleased to members; (2) those where smaller tracts are leased by the association and then subleased to members.

The number of associations by regions and states are shown in the table following.

* A detailed statement of the policy and procedure respecting associations may be found in FSA Instruction 800.5.

** These and the other data presented on land leasing associations are taken from the Annual Financial Report of 137 RP Type Cooperative Associations for 1941, prepared by the Cooperative Division, Cincinnati.

FSA Land Leasing Associations
as of September 1, 1942

Region and state	Number of land leasing associations	Members		Acres * of land leased
		Total number	Average number per association	
Region III, Indiana	2	88	44	4,378
Region V, Alabama	3	122	41	16,192
Region V, South C.	1	18	18	3,002
Region VI, Arkansas	17	1112	65	48,938
Region VI, Louisiana	12	446	37	23,540
Region VI, Mississippi	4	117	29	7,242
Total	39	1903	49	103,292

* Acreage was not reported for two associations in Arkansas and one in Louisiana.

These associations, averaging 49 members, varied in size of membership from 7 to 374. The amount of land leased varied from 320 to 15,277 acres. Five were less than 1000 acres, 25 were from 1000 to 4000 acres, and 5 were over 5000 acres in size.

Though several were only recently organized, 24 of the 39 associations showed a net profit during 1941. Eleven made a net profit of over \$100 per member. All but 3 of the 17 associations in Arkansas showed a net profit ranging from \$9 to \$399 per member. All but 2 of the 12 associations in Louisiana showed a loss during 1941.

Where land leasing associations and ownership aids have reached hundreds and thousands, the FSA rental tenure improvement program has reached tens and hundreds of thousands of farm families. The remainder of this report will be confined to this latter program.

Rental Tenure Improvement

County supervisors soon recognized that rehabilitation was impossible so long as tenants constantly moved from farm to farm, agreed to pay rents out of line with the earning capacity of the farm, or refused to invest their own savings in needed farm improvements for fear they might have to move.

Great emphasis has been placed on the use of written leases.

The first essential for stability of tenure was for the tenant and landlord to come to a full understanding and make fundamental decisions on such questions as (1) How long can the tenant occupy the farm? (2) What crops will be grown, and in which fields will they be grown? (3) What will the landlord and tenant each furnish? (4) How will the crops be divided? (5) How much cash will the tenant pay for house and pasture? and (6) Can the tenant have a garden?

Supervisors made a great effort to get each tenant who applied for an RR loan to reach a full understanding on a fair rental arrangement with his landlord. In fact, evidence of adequate tenure was often a first eligibility requisite for an RR loan. The action program became a drive to have written leases used by all tenant borrowers.

Because the farm leases commonly in use were of a negative character, being concerned largely with what the tenant and landlord could not do instead of with what each should contribute to a sound farm plan, experimentations were made with simplified farm leases.

Out of this early experience was born the simplified farm lease developed by the U. S. Department of Agriculture.

FSA encouraged standard tenants to use this new lease. Here is the result, stated simply: At the end of the 1941 crop year, 85 out of every 100 tenants among the 430,000 active standard RR families were using written leases.

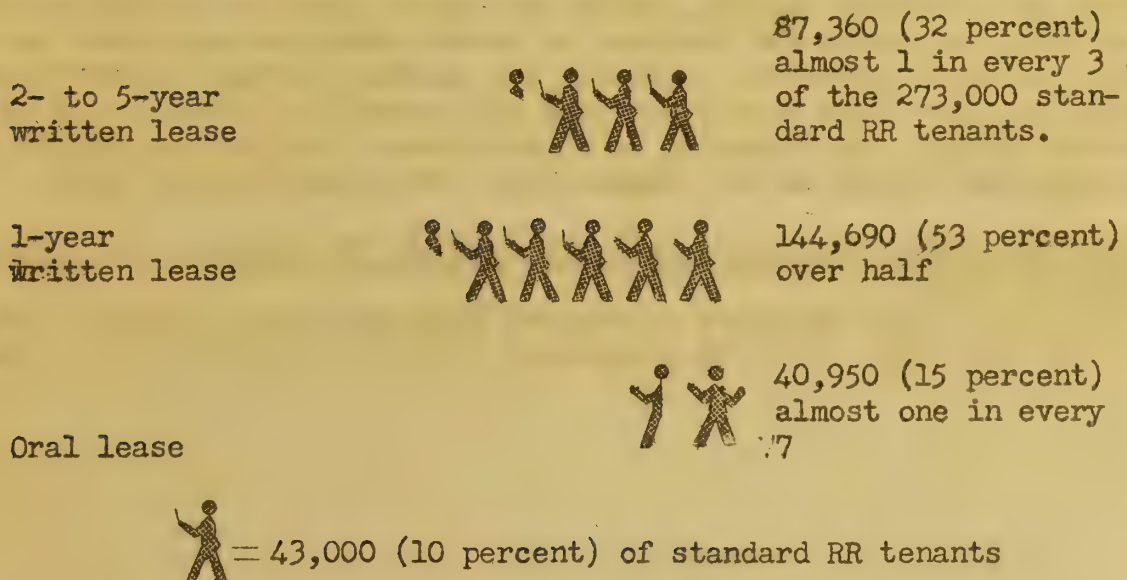
The Middle Western States of Region III ranked lowest with only 72 percent of the tenants having written leases, while the Southeastern States of Region V ranked highest with 96 percent. (Table 3 for figures by regions and states.)

Owners and purchase contract holders who also rented land were much less likely to have a written lease than were full tenants. Only 42 percent of the part-owners used a written lease in 1941 compared with 85 percent among the full tenants.

Efforts were also made to obtain longer term leases.

By 1941, nearly one in every three tenants in the standard RR program was operating under a 2- to 5-year written lease. Bear in mind that very few of these tenants had ever used more than an oral lease before coming in the program. The extent of the use of written leases by standard RR tenants is shown graphically in the following figure.

Figure 2. Use of Written Leases in 1941
by Active Standard RR Tenants



Ranking highest in the proportion of long-term leases were Region V in the South and Regions IX, X, and XI in the West. Figures for regions and states are shown in Table 3.

A higher proportion of the borrowers coming into the program in recent years had long term leases and superior lease provisions than did borrowers who came in the program in the earlier years.

This comparison for the Nation as a whole is shown in the Figure 3 below. The same data for each FSA region are shown in Table 4.

Figure 3. Length of Time in Program Related to Length of Lease
Among Active Standard RR Tenants in 1941

Number years in the program	:	Percent of borrowers with 2- to 5-year lease
One	:	45
Two or three	:	40
Four or five	:	30
Six or seven	:	31

It is somewhat difficult to interpret these figures. Efforts by RR supervisors to obtain longer leases and better lease provisions may be centered on new borrowers just coming in the program. The opportune time for a tenant to obtain a longer and improved lease may well be when he first comes in the program. Then, he and the RR supervisor are able to go to the landlord with some real bargaining power. The FSA makes the tenant a loan for operating capital, helps the tenant plan for needed improvement, and aids the tenant and landlord to reach a definite agreement on a cropping plan, division of crops, provision for garden, pasture, improvements, and repairs. The lease simply confirms this meeting of minds - and it may be easier to get such a meeting of minds between landlord and tenant when the tenant first comes in the program than two or three years later.

By 1941, the quality of leases of tenants in the RR standard loan program might be judged as fair.

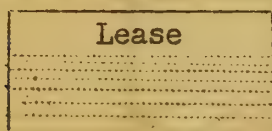
Some of the more important provisions which have been stressed are listed on the next page, with the proportion of leases containing each one.

1. Provision for Pasture and Garden - - - - -



Three in every five of the written leases included this provision. Securing a definite arrangement with the landlord for a garden spot is the first step in increased food production for home use. Arrangement for pasture is vitally important in an enlarged livestock program.

2. Automatic Renewal - - - - -



One in every four (28 percent) of the written leases provided for automatic renewal at the end of the period. This provision was most frequent among the 1-year leases.

3. Compensation to the Tenant for Specific Improvements - -



Only 1 in 14 leases provided for compensation to the tenant for any specific improvements which he would add to the farm at his own expense. This surely indicates a great need for an educational program among landlords and tenants on this new leasing practice.

4. Repairs and Improvements - - -



One in every six leases provided for repairs and improvements to the buildings, water supply, fences or land.

The proportion of leases containing each of the above provisions is shown for each region and state in Table 3.

Do tenants and landlords who agree on a long-term lease usually agree on more of the desirable lease provisions?

In most of the regions, the longer-term leases were more likely to include provisions for definite repairs and improvements than were the 1-year leases. The 1-year and the longer term leases were on a par with regard to provisions for pasture and garden, but with respect to provision for automatic renewal the 1-year leases were far superior. One-third of the 1-year leases provided for automatic renewal, while only one in eight of the 2- to 5-year leases provided for automatic renewal. The figures may be seen for the Nation and for each region in Table 5 following.

Table 5. Length of Lease Related to Lease Provisions*
among Active Standard RR Tenants with Written Leases in 1941
by Regions

Region	Length of lease	Total reporting No.	Provisions of lease				
			Auto- matic renewal	Pasture and garden	Repairs and improve- ments	Compensa- tion for specific improve- ments	Leases with provis- ions
			(A)	(B)	(C)	(D)	(A,B & C)
			%	%	%	%	%
U. S.	1 yr.	18,149	33	60	16	7	6
	2-5 yrs.	11,063	13	58	17	7	3
TOTAL	6 & over	** 222	17	63	40	26	8
I	1 yr.	429	45	51	22	6	12
	2-5 yrs.	203	20	39	33	10	7
II	1 yr.	1,114	21	50	29	24	8
	2-5 yrs.	533	16	52	37	16	7
III	1 yr.	3,031	27	67	25	12	9
	2-5 yrs.	911	15	69	33	15	6
IV	1 yr.	1,973	69	83	18	8	14
	2-5 yrs.	668	23	76	25	12	8
V	1 yr.	3,020	27	41	5	2	1
	2-5 yrs.	3,643	8	50	6	2	1
VI	1 yr.	2,763	65	75	9	3	7
	2-5 yrs.	1,941	20	73	12	5	5
VII	1 yr.	2,960	13	56	18	5	3
	2-5 yrs.	517	14	53	24	9	4
VIII	1 yr.	2,073	8	57	10	3	1
	2-5 yrs.	1,025	12	64	20	7	2
IX	1 yr.	30	23	43	-	-	-
	2-5 yrs.	238	12	41	25	13	3
X	1 yr.	433	19	42	21	7	4
	2-5 yrs.	563	9	43	26	12	3
XI	1 yr.	135	24	44	27	14	8
	2-5 yrs.	444	11	50	35	14	4
XII	1 yr.	188	20	49	8	2	-
	2-5 yrs.	377	11	57	20	6	2

* 1941 Annual Family Progress Report

** Too few cases to present by regions.

An analysis of Table 5 raises this point; perhaps the value of the 2- to 5-year leases compared with the 1-year lease may be over-stressed. A 1-year lease with automatic renewal may provide a more stable relationship between landlord and tenant than a 5-year lease with no provision for automatic renewal. Probably many landlords, and tenants too, will brace their feet against being "stuck" for a long time with an unfair partner or an inequitable relationship. If something goes wrong, either of the parties can and probably will break the lease whether it is a 5-year or 1-year one.

Certainly the real purpose of a written lease, whether for one year or for five, is to confirm a meeting of minds between the tenant and the landlord on the farm plan and the responsibilities and privileges of each of the parties. The RR supervisor can provide a valuable service as a third party when the lease is drawn up. Then, he can follow through with the tenant to see that, insofar as possible, the tenant's part of the bargain is carried out. A one year lease (with provision for automatic renewal) which confirms a meeting of minds between the landlord and tenant on a sound and fair farm plan accompanied by definite performance by both parties spells improved tenure. Certainly the formal provisions of the lease are of small significance unless backed by the good faith and will to perform by both tenant and landlord.

There is considerable variation among regions in the relative emphases given to the rental tenure improvement program.

These variations may be seen in Tables 1, 3, and 4. For instance, Regions IV and VI pushed the 1-year leases with automatic renewal provisions, Region V pushed the 3- and 5-year leases with relatively little provision for automatic renewal. Region VIII did very little in securing automatic renewal provisions.

Probably the most significant progress in tenure improvement has been made in the South.

It is in the South that tenants and landlords have had very little experience with written leases, or with leases providing for adequate terms. This condition was probably worst in the Southeastern States of Alabama, Florida, Georgia, and South Carolina.

In these four states, where approximately 70 percent, or 62,000 of the active standard RR borrowers are tenants, FSA has made a remarkable record. At the end of the 1941 crop year, 96 percent or 60,000 had written leases. Moreover, half of these written leases were 2- to 5-years in length. Keep in mind, too, that two-fifths of all active standard RR borrowers are located in these four states.

In the fall of 1941, FSA field personnel launched a drive to obtain 10 model leases in each county.

Each model lease was to contain the following essential objectives:

1. To make use of the compensation principle for the making of farm improvements.
2. To make provisions for soil conservation in the improvement practices and provide for compliance with current programs of the Department of Agriculture, unless the rehabilitation of the family will suffer thereby.
3. To provide repairs and improvements so that minimum housing standards will be available to the family.
4. To provide for woodland management which will bring income to both the landlord and tenant.

5. To provide security of tenure in order to carry out the several objectives.
6. To provide for an understanding regarding proper financing to implement the improvements in tenure relationship.
7. To make provisions for a self-sufficiency program.

These objectives were modified slightly in several of the regions in order to fit special tenure problems.

This "model lease" program is continuing through 1942, but the re-direction of efforts caused by the War is modifying these original plans. In fact, the objectives for tenure improvement have already changed.

In the summer of 1942 the FSA tenure improvement objectives were tied directly to the Nation's War food needs.

The following statement from Mr. Baldwin's recent directive to FSA county personnel outlines the new war-time tenure improvement program:

"What we want in tenure improvement for tenants is, sharpened down and simply stated, an understanding between landlord and tenant providing:

1. That the tenant may use the land to produce the kind and amount of food and feed crops and have garden and pasture space needed to provide the family's subsistence and carry out the production program planned.
2. That the minimum improvements necessary to the carrying out of the family's program will be provided by the landlord or if provided by the tenant or both, arrangements will be made to compensate the tenant for the unused value of the tenant's contribution upon termination of the lease.
3. That the landlord gives reasonable assurance of security on the land for the duration of the tenant's war food production program, and that the tenant gives reasonable assurance of his intention to remain on the farm and carry out his planned war production program."

TABLES

1. Tenure Status in 1941
2. Number and Amount of SRE and FHI Loans
(Contained in narrative, see page 6.)
3. Lease Provisions in 1941
4. Years in Program Related to Length of Lease
and Lease Provisions
5. Length of Lease Related to Lease Provisions
(Contained in narrative, see page 14.)

Table 1
TENURE STATUS IN 1941

Of Active Standard Borrowers Who Have Been
on the Program One or More Years

Region and state	Full owners	Part- owners	Purchase contract holders	Tenants	Others	Total	Percent tenants 1940 Census
	%	%	%	%	%	%	
U. S.	27	9	3	60	1	100	39
Reg. I	54	7	5	32	2	100	-
Conn.	87	4	2	7	-	100	7
Del.	28	-	-	72	-	100	33
Me.	74	5	5	13	3	100	6
Md.	35	7	-	56	2	100	26
Mass.	78	10	3	9	-	100	7
N.H.	68	9	2	20	1	100	6
N.J.	61	2	4	32	1	100	16
N.Y.	48	9	9	32	2	100	13
Pa.	37	9	4	49	1	100	16
R.I.	63	8	-	29	-	100	10
Vt.	66	7	4	22	1	100	10
Reg. II	25	9	7	58	1	100	-
Mich.	30	12	8	49	1	100	17
Minn.	16	9	8	66	1	100	32
Wis.	30	6	6	58	*	100	23
Reg. III	17	7	2	73	1	100	-
Ill.	7	7	2	84	-	100	43
Ind.	20	8	4	67	1	100	28
Iowa	8	4	4	83	1	100	48
Mo.	23	9	1	66	1	100	36
Ohio	22	7	2	68	1	100	26
Reg. IV	43	14	1	41	1	100	-
Ky.	47	20	1	32	*	100	33
N.C.	29	12	1	57	1	100	44
Tenn.	34	12	*	53	1	100	40
Va.	50	12	*	36	2	100	27
W. Va.	62	13	1	21	3	100	23
Reg. V	22	6	1	70	1	100	-
Ala.	17	6	*	76	1	100	59
Fla.	50	10	3	33	4	100	25
Ga.	16	3	1	79	1	100	60
S.C.	23	9	*	67	1	100	56
Reg. VI	32	4	2	61	1	100	-
Ark.	33	5	2	60	*	100	53
La.	28	4	3	64	1	100	59
Miss.	34	3	1	61	1	100	66
Reg. VII	6	9	1	84	*	100	-
Kan.	7	9	1	82	1	100	45
Nebr.	5	4	1	90	-	100	53
N.D.	10	17	4	69	-	100	45
S.D.	4	8	2	85	1	100	53
Reg. VIII	18	9	1	71	1	100	-
Okla.	13	9	1	76	1	100	54
Tex.	22	9	1	67	1	100	49

Table 1
(cont.)

Region and state	Full owners	Part- owners	Purchase contract holders	Tenants	Others	Total	Percent tenants 1940 Census
	%	%	%	%	%	%	
Reg. IX	50	17	10	22	1	100	-
Ariz.	44	14	15	27	-	100	12
Calif.	43	15	14	27	1	100	19
Nev.	47	8	14	31	-	100	14
Utah	57	19	6	17	1	100	13
Reg. X	20	22	7	51	*	100	-
Colo.	16	14	3	66	1	100	37
Mont.	13	29	14	44	*	100	28
Wyo.	32	28	7	33	-	100	24
Reg. XI	28	10	24	38	*	100	-
Idaho	24	10	28	37	1	100	26
Oregon	39	9	21	31	-	100	18
Wash.	23	9	22	46	-	100	18
Reg. XII							
N.Mex.	37	27	4	32	-	100	17
Okla. 1/:							
Tex. 1/:							

SOURCE: 1941 FAMILY PROGRESS REPORT OF ONE IN EVERY SEVEN ACTIVE STANDARD RR BORROWERS.
 - NONE * LESS THAN 5 PERCENT 1/ INCLUDED IN REGION VIII

FOLLOWING ARE THE SURVEY INSTRUCTIONS ON THE TENURE STATUS CATEGORIES:

"TENURE STATUS." AFTER REFERRING TO THE FOLLOWING DEFINITIONS, CHECK THE TENURE STATUS OF THE FAMILY DURING THE 1940 CROP YEAR AND DURING THE 1941 CROP YEAR. IF THE TENURE ARRANGEMENTS CHANGED DURING EITHER CROP YEAR, CHECK THE ITEM APPLICABLE FOR THE MAJOR PORTION OF THE CROP YEAR. ONLY ONE ITEM SHOULD BE CHECKED FOR EACH CROP YEAR.

"FULL OWNER." IF THE FAMILY HAD TITLE TO ALL OF ITS UNIT, WHETHER OR NOT MORTGAGED, CHECK IN THIS SPACE.

"PART OWNER." IF THE FAMILY HAD TITLE TO PART OF THE UNIT AND RENTED OR USED ADDITIONAL LAND RESOURCES WHICH IT DID NOT HAVE UNDER PURCHASE CONTRACT OR DID NOT OWN, CHECK IN THIS SPACE. (NOTE - A FAMILY WHICH OWNED LAND AND GRAZED LIVESTOCK ON LAND NOT OWNED OR UNDER PURCHASE CONTRACT WOULD FIT IN THIS CATEGORY.)

"PURCHASE CONTRACT HOLDER." ALL FAMILIES PURCHASING LAND UNDER CONTRACT SHOULD BE PLACED IN THIS CATEGORY, EVEN THOUGH OTHER LAND WAS OWNED OR RENTED. (OPTION TO PURCHASE IS NOT A PURCHASE CONTRACT.)

"TENANT WITH WRITTEN LEASE." CHECK THIS ITEM IF ALL OF THE LAND IN THE UNIT WAS RENTED AND WAS UNDER A WRITTEN ARRANGEMENT.

"TENANT WITH VERBAL LEASE." IF ANY OF THE LAND IN THE TENANT'S UNIT WAS RENTED OR USED UNDER VERBAL ARRANGEMENT, CHECK THIS ITEM. (DO NOT INCLUDE PART OWNERS HERE.)

"OTHER." CHECK THIS ITEM FOR SHARECROPPERS, LABORERS, AND OTHERS WHO DO NOT FALL INTO ANY OF THE FOREGOING CATEGORIES.

LEASE PROVISIONS IN 1941

Region and state	Length of lease					Provisions of lease				
	Tenants with written leases	One year	2 - 5 years	6 or more years	Automatic renewal	Pasture and garden	Repairs and improvements	Compensation for specific improvements	Leases with provisions A, B + C	
U. S.	85	62	37	1	28	59	17	7	5	
Reg. I	76	67	32	1	41	45	26	8	11	
Comm.	60	67	33	-	-	33	33	-	-	
Del.	36	90	10	-	80	40	20	-	10	
Maine	91	69	29	2	14	28	13	8	5	
Md.	66	88	8	4	66	60	20	6	13	
Mass.	63	75	25	-	40	-	-	-	-	
N.H.	58	25	75	-	17	39	17	6	6	
N.J.	79	58	42	-	14	7	2	-	-	
N.Y.	76	69	30	1	25	51	32	9	8	
Pa.	82	66	33	1	54	51	32	9	16	
R.I.	44	50	50	-	75	50	50	-	50	
Vt.	79	23	70	7	21	15	18	15	3	
Reg. II	81	68	32	1/	22	51	32	16	9	
Mich.	72	54	45	1	43	51	38	21	16	
Minn.	81	73	27	1/	9	42	23	9	2	
Wis.	88	68	32	-	24	60	40	21	12	
Reg. III	72	76	23	1	28	67	27	13	9	
Ill.	72	66	33	1	30	69	28	11	8	
Ind.	73	77	22	1	47	70	28	12	13	
Iowa	87	82	17	1	16	51	24	9	5	
Mo.	69	77	22	1	20	75	28	15	7	
Ohio	61	74	25	1	47	70	30	15	17	
Reg. IV	78	74	25	1	60	80	20	9	12	
Ky.	64	77	22	1	69	84	26	14	19	
N.C.	80	70	29	1	54	79	17	6	11	
Tenn.	92	81	18	1	64	87	13	2	9	
Va.	71	80	19	1	63	78	22	13	13	
W.Va.	75	49	47	4	45	53	36	21	13	
Reg. V	96	45	54	1	18	43	6	2	1	
Ala.	96	46	53	1	23	43	5	2	1/	
Fla.	68	48	51	1	2	37	11	5	1/	
Ga.	99	41	58	1	19	50	6	2	2	
S.C.	98	49	51	1/	10	44	4	1	1	
Reg. VI	94	59	41	1/	49	74	10	4	6	
Ark.	95	71	29	1/	62	79	14	6	9	
La.	90	43	57	1/	42	69	6	2	2	
Miss.	95	58	42	1/	43	73	11	3	6	
1/	Less than .5 %									